

**ANALYSIS OF STOCK INTRINSIC VALUE USING
RESIDUAL INCOME VALUATION MODEL AS
INVESTMENT DECISION STRATEGY
(CASE STUDY ON PT PLAZA INDONESIA REALTY, TBK
FOR PERIOD OF 2003 – 2011)**

Nessy Diana Kumalla Sari¹

ABSTRACT

Fundamental analysis is one of the tools for investor to make an investment decision. In fundamental analysis, the risk of incurring a loss can be reduced by thoroughly examining information about firms using stock valuation model to determine underlying value of the stock. This research aims to apply residual income valuation model (RIVM) on determining stock intrinsic value as an investment decision strategy, using case study of PT Plaza Indonesia Realty, Tbk. for period of 2003 – 2011. Using company financial data and some assumptions about required rates and expected future condition, application of RIVM has resulted an estimation of stock intrinsic value for the end of each year in that period.

This research found an increasing trend of stock intrinsic value while the stock price has a decreasing trend. The stock is also in overvalued condition that make investor should avoided or sell this stock as investment strategy. The comparison for each year becomes the basic to find the differences between these two values. The chart of this difference results a downward slopping linear trend line that justifies the analysis of stock intrinsic value using RIVM could be a consideration in determining investment decision on PT Plaza Indonesia Realty, Tbk.

Keywords: Residual Income Valuation Model, Stock Market Price, Investment Decision Strategy

¹ Undergraduate Student of Management Program Universitas Bakrie